

2259-S

Sponsor(s): House Committee on Appropriations (originally sponsored by Representatives Huff, H. Sommers, Dickerson and Conway; by request of Governor Locke)

Brief Title: Making appropriations for the fiscal biennium ending June 30, 1999.

HB 2259-S.E - DIGEST

(DIGEST AS ENACTED)

Makes appropriations for the fiscal biennium ending June 30, 1999.

VETO MESSAGE ON HB 2259-S

May 20, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 204(1); 204(6)(a); 204(6)(b); 204(6)(c); 204(9)(d); 206(3); 207(2); 210(5); 213(2)(d); 302(3); 302(4); 302(5); 302(17); 302(22); 304(16), 501(1)(e); 501(2)(e)(i); 503(4)(b); 503(5); 506(8); 507(4); 507(5); 507(6); 602(2); 611(5)(a)(i); 702; 706; 902, and 1608, page 211, lines 24-38 and page 212, lines 1-2, Engrossed Substitute House Bill No. 2259 entitled:

"AN ACT Relating to fiscal matters;"

My reasons for vetoing these sections are as follows:

Section 204 (1), page 17, General Assistance-Unemployable (Department of Social and Health Services « Economic Services Program)

This subsection requires that General Assistance-Unemployable recipients needing alcohol or drug treatment be assigned a protective payee to serve as a custodian of those recipients' cash assistance payments. While I support the concept of protective payees in this program, I cannot support policy changes that would increase administrative costs when the legislative budget significantly reduces basic cash and medical assistance benefits available to those receiving General Assistance.

Sections 204(6)(a), 204(6)(b) and 204(6)(c), Child Care Co-pays (Department of Social and Health Services « Economic Services Program)

Affordable child care is a crucial part of successfully moving people from welfare to work. To effectively administer a child care assistance program for low-income families within the amounts appropriated by the Legislature, the Department must have the flexibility to devise a workable co-payment schedule that keeps the program solvent while still providing the assistance necessary to keep low income parents in the work force. Therefore, I have vetoed the co-payment schedule outlined in this section, because it does not provide the Department with the necessary flexibility and may significantly increase the cost of child care for low-income

families.

Instead, I will direct the Department to implement a child care program that supports the goals of the WorkFirst program to make work pay. The monthly co-pay required shall be a minimum of ten dollars for families at or below seventy-four percent of the federal poverty level adjusted for family size. For families with incomes above seventy-four percent of the federal poverty level adjusted for family size, the monthly co-pay shall be a minimum of twenty dollars or forty-seven percent of the family's income above one hundred percent of the federal poverty level adjusted for family size. Child care assistance shall not be provided to families with incomes above one hundred seventy-five percent of the federal poverty level adjusted for family size. As the program develops, we will continue to evaluate the success of this child care schedule in making work pay while holding costs within the appropriation level for the Workfirst program.

Section 204(9)(d), page 20, Child Care (Department of Social and Health Services « Economic Services Program)

I am committed to operating the WorkFirst program within the appropriation level as required by Engrossed House Bill 3901. However, I believe that requiring the Department of Social and Health Services to remain within a further defined appropriated level specific to child care unnecessarily restricts the administration of the WorkFirst Program. Other states have succeeded in significantly reducing welfare dependency by making large investments in child care and other support services, while making corresponding reductions in their grant programs. I do not want to foreclose that option in Washington State. Therefore I have vetoed this provision so the Department has flexibility in making strategic funding decisions as this program develops.

Section 206(3), page 22, Diversity Initiative (Department of Social and Health Services « Administration and Supporting Services)

This proviso would restrict the use of funding for staff or publications related to diversity initiatives. I believe agencies must take an active role in promoting diversity in the workplace, and have therefore vetoed this proviso.

Section 207(2), page 23, Child Support Waiver (Department of Social and Health Services « Child Support Program)

This proviso requires the Department of Social and Health Services to request a waiver from federal regulations regarding child support enforcement to allow the Department to replace current program audit criteria with performance measures based on program outcomes. This waiver is unnecessary, because the federal government has already replaced its process-based audit criteria with performance-based criteria and the Department currently operates under a performance-based agreement with the federal government. Because there is no need for a waiver, I have vetoed this proviso.

Section 210(5), page 26, Basic Health Plan Report (State Health Care Authority)

This section would require the State Health Care Authority (HCA) to report back to the Legislature by December 1, 1997 on the number of Basic Health Plan enrollees who are illegal aliens.

Since the HCA does not currently collect this information, it would require substantial effort and expense to do so in order to report to the Legislature in five months. Because the Legislature provided no funding to collect this information, I have vetoed this proviso. I am also concerned that any plan to ask enrollees about their immigration status will prevent many of them from seeking needed health care.

Section 213(2)(d), page 34, Health Care Expenditures (Department of Corrections « Institutional Services)

Section 213, Subsection 2(d) states that it is the intent of the Legislature that the Department of Corrections reduce health care expenditures in the 1997-99 Biennium using the scenario identified in the 1996 Health Services Delivery System Study which limited health care costs to \$43 million in Fiscal Year 1998 and \$40.7 million in Fiscal Year 1999. I am concerned that this approach sets unrealistic and inflexible expectations with regard to health care expenditure reductions in the Department. The scenario referenced in the study suggests specific percentage reductions in certain areas such as out-patient hospitalization, which may not be achievable in the health care market. In addition, although the budget language references a limit to health care costs per year as stated in the health services delivery system study, it could be interpreted as a lid on total health care expenditures for the respective years. This may establish an unrealistic expectation, given recent changes in sentencing law that will further increase the state prison population. While I expect the Department will make every effort to reduce health care expenditures, it is in the state's interest that the Department have the flexibility to implement health care reductions in a safe and legally defensible manner.

Section 302(3), page 40, Funding for Water Right Permit Processing, Water Resources Data Management, and Technical Assistance to Local Watershed Planning (Department of Ecology)

This proviso stipulates that funding provided to the Department of Ecology shall lapse if sections 101 through 116 and 701 through 716 of Second Substitute House Bill 2054 are not enacted by June 30, 1997. Because I have vetoed some of these sections of Second Substitute House Bill 2054, I have also vetoed Section 302(3) of the appropriations act to lessen the confusion regarding the appropriation authority for the Department of Ecology.

Section 302(4), page 40, Grant Funding for Regional Planning (Department of Ecology)

Locally developed plans have been found to be an effective tool in managing water resources within a watershed by bringing together interested parties with knowledge and insights specific to the watershed. However, the local planning efforts have also relied « and will continue to rely « on technical expertise and information that state agencies can provide. For this reason, it is essential that the state provide adequate funding for the departments of Health, Fish and Wildlife, Ecology, and Community, Trade, and Economic Development. Therefore, I have vetoed this subsection and directing that the limited funds provided by the Legislature for watershed planning efforts be used in a more

balanced and comprehensive fashion.

Section 302(5), pages 40-41, Implementation of ESHB 1111, Granting Water Rights (Department of Ecology)

This subsection stipulates that the funding provided to implement Engrossed Substitute House Bill 1111 lapses if that bill is not enacted. I have vetoed Substitute House Bill 1111 because I do not believe that its provisions are in the best interest of the state. Therefore, I have also vetoed Section 302(5) of the appropriations act to eliminate confusion regarding the expenditure authority for the Department of Ecology.

Section 302(17), page 43, Special Purpose Vehicles (Department of Ecology)

This subsection requires the Department of Ecology to reduce its fleet of special purpose vehicles by 50 percent as of June 30, 1999. In addition, the Department is required to replace the special purpose vehicles with fuel efficient vehicles or not replace them at all, depending on the agency's vehicle requirements. I have vetoed this restriction because it would severely impair the Department's ability to reach remote areas to attain water quality samples, respond to oil and other hazardous materials spills, and support the Washington Conservation Corps program.

Section 302(22), pages 43-44, Implementation of SSB 5030, Lake Water Irrigation (Department of Ecology)

This subsection stipulates that the funding provided to the Department of Ecology to implement Substitute House Bill 5030 lapses if the bill is not enacted. I have vetoed Substitute House Bill 5030, which provides a water right (contingent on a determination that water is available) to those who have used the water from Lake Washington for irrigation purposes. The water issues facing this state need to be addressed through an integrated and comprehensive approach, rather than the piecemeal fashion advanced by Substitute Senate Bill 5030. I have vetoed Section 302(22) of the appropriations act to eliminate confusion regarding the expenditure authority for the Department of Ecology.

Section 304(16), page 48, Implementation of SSB 5120, Remote Site Incubators (Department of Fish and Wildlife)

This proviso stipulates that the funding provided to the Department of Fish and Wildlife under Substitute Senate Bill 5120 lapses if this bill is not enacted. I have vetoed Substitute Senate Bill 5120, which would require the Department to implement a program supporting remote site incubators across the state. Therefore, I have also vetoed Section 304(16) to eliminate confusion regarding the appropriation authority for the Department of Fish and Wildlife.

Section 501(1)(e), page 53, Goals 2000 (Superintendent of Public Instruction « State Administration); and Section 506(8), page 65, (Superintendent of Public Instruction « Education Reform Programs)

I have vetoed two subsections which would prevent the state from accepting federal Goals 2000 funding to support Washington State's education reform initiative. Goals 2000 funding supports development of state and local plans to improve student learning and is helping Washington State realize the goal of improving

student achievement as envisioned in Washington's Education Reform Act of 1993.

Over \$16 million in Goals 2000 funding is expected to be available to Washington State during the 1997-99 Biennium. Of this amount, \$14 million will be available for grants to help schools develop and implement student learning improvement plans, supplementing \$50.8 million in General Fund-State appropriations approved by the Legislature for student learning improvement grants. Another \$1.0 million in Goals 2000 funding will be used to pay for the development of tests to measure student achievement, and the remaining \$0.7 million will fund state coordination and planning by the Office of Superintendent of Public Instruction.

Section 501(2)(e)(i), page 54, Second Substitute Senate Bill 5508 (Superintendent of Public Instruction « State Administration)

This proviso authorizes \$700,000 for implementation of Second Substitute Senate Bill 5508, pertaining to Third Grade Reading Accountability. Because the Legislature did not approve this bill, I have vetoed this subsection of the appropriations act.

Section 503(4)(b), page 62, Salary Increase Allocations (Superintendent of Public Instruction « Employee Compensation Adjustments)

Section 503(4)(b) would reduce allocations for 1998-99 state salary increases to districts that appear to be in violation of the state salary limit for teachers and other certificated instructional school employees (RCW 28A.400.200).

I understand there have been some concerns about compliance with the state salary limit, and I support Section 503(4)(a) which requires the Superintendent of Public Instruction (SPI) to compare actual and allocated salaries in the 1997-98 school year and report results to the Legislature. This report will provide valuable information to the 1998 Legislature, and will give school districts an opportunity to explain apparent violations of the salary limit.

However, I do not favor imposing penalties without further review of this issue. The proposed comparison of actual and allocated salaries is *not* synonymous with the salary limit imposed by RCW 28A.400.200. The statute limits total actual salary payments at *year-end*, whereas the comparison proposed in this subsection is based on staff employed by a school district at the *beginning of the school year* (October 1). Also, the penalty proposed by 503(4)(b) would take money away from school districts in the 1998-99 school year « a year when no state salary increase is provided. The result could be pay cuts for school employees.

Therefore, I have vetoed Section 503(4)(b) to provide an opportunity for these issues to be carefully considered before imposing penalties.

Section 503(5), page 63, Salary Adjustments for Classified Staff (Superintendent of Public Instruction « Employee Compensation Adjustments)

Section 503(5) would require that every state-funded classified school employee receive a three percent salary adjustment effective September 1, 1997.

I value the classified school employees who teach in classrooms, drive school buses, serve in cafeterias, and work in offices around this state. I believe they deserve more than one

three-percent salary increase in the next two years. But I do not support state intervention into school salary negotiations.

The salary increase money provided for school employees has been, and should continue to be, "for allocation purposes only." Actual salaries should be set by school boards through negotiations with employees and their representatives. Section 503(5) would circumvent this process and would also burden school districts with needless paperwork to demonstrate compliance. For these reasons, I have vetoed section 503(5).

Section 507 (4), (5), and (6), pages 65-66, Bilingual Program Formula (Superintendent of Public Instruction « Transitional Bilingual Programs)

Section 507(4) would eliminate state support for bilingual instruction for preschool students. I have vetoed this section because I believe that this instruction serves the best interest of students and the state as a whole. Children growing up in homes where English is not the primary language face a difficult adjustment when entering the public schools. It only makes sense to help these children and their parents make this adjustment more successful. I understand there may be a question about whether state funding can be provided for these students under current law, but my veto of this section allows the legal issue to be resolved independently and leaves open an opportunity for further policy discussion about the merits of this instruction.

Section 507(5) and (6) would implement a new "weighted" bilingual funding formula based on each student's grade level and years in bilingual instruction. This may be an excellent idea, but it lacks the supporting analysis necessary for a change in a basic education program. Bilingual instruction is generally accepted as part of the program of "basic education" required to meet the state's constitutional duty to provide for the education of all children in Washington. While basic education formulas are not cast in stone, they should be changed only after careful analysis and based on findings of the Legislature. Section 507(2) requires the Superintendent of Public Instruction to study the bilingual funding formula and report to the Legislature by January 15, 1998. With the benefit of this study, the Legislature will be better prepared to propose and defend changes to the bilingual funding formula. Therefore, I have vetoed section 507(5) and (6).

Section 602(2), page 73, Higher Education enrollment

In this section, the Legislature states its intent to penalize higher education institutions for falling as little as one full-time equivalent (FTE) student below the FTE enrollments assumed in the 1997-99 Operating Budget. Exceptions are allowed only for Eastern Washington University and branch campuses. I fully support the expectation that institutions will operate productively and efficiently. I also proposed a sanction for enrollment under budget targets. However, sanctions for under enrollment should occur only if enrollment is below a target range from budgeted levels, not for each single FTE. Moreover, if the Legislature does intend to impose a fiscal penalty for under enrollment, more precise parameters will need to be specified, including the data sources and threshold dates used to calculate enrollment and the dollar sanction per under enrolled FTE. Therefore, I have vetoed

this section because it represents an unworkable approach to addressing the issue of under enrollment.

Section 611(5)(a)(i), page 84, Alternative Distribution of State Need Grants. (Higher Education Coordinating Board)

Section 611(5)(a)(i) directs the Higher Education Coordinating Board (HECB) to determine eligibility for state need grants for the 1998-99 academic year based on a family income index for independent and dependent students, unless a model is developed to calculate need grant amounts based on the cost of tuition. I have vetoed this requirement, because I believe it mandates a significant change in how state need grants are distributed in a way that discourages careful deliberation of the merits of these proposals. Instead, the HECB or Legislature must take one action in order to prevent another policy from taking effect. Using a family income index for independent and dependent students would lower the need grant eligibility threshold for independent students. This could have a significant impact on certain students' access to state financial aid, which has not been adequately assessed. If the Legislature's intent is to base need grant awards on the cost of tuition, the HECB can evaluate the effect of this policy change, prepare proposals and present recommendations by the 1998 Legislative Session. It is not necessary to link the two policies together in a way that could inhibit good debate and sound decisions.

Section 702, page 87, Year 2000 Allocations

This section repeals funding provided for Year 2000 maintenance of computer systems in Substitute Senate Bill 6062 for the 1997-99 Biennium. Section 1608 of Engrossed Substitute House Bill 2259 replaces this funding in the 1997 Supplemental Budget, and requires that the funds be deposited in a nonappropriated account so they can be expended in the 1997-99 Biennium. However, in some cases this approach is contrary to federal requirements for use of funds, and creates potential fund imbalances in other dedicated accounts. In order to avoid these technical problems, I have vetoed Section 702 so that the appropriations from dedicated funds originally provided for the 1997-99 Biennium remain in effect. Since this approach creates duplicate General Fund-State appropriations (one in the Fiscal Year 1997 Supplemental Budget and one in the 1997-99 biennial budget), I will place the General Fund-State appropriation for the 1997-99 Biennium in reserve and will request that it be eliminated in the Fiscal Year 1998 Supplemental Budget.

Section 706, page 89, Regulatory Reform

The 1997 Legislature approved two regulatory reform bills, Engrossed Second Substitute House Bill 1032, and Substitute House Bill 1076, sections of which I am signing into law. Section 706 of Engrossed Substitute House Bill 2259 repeals appropriations made in Substitute Senate Bill 6062 « which I have signed into law «designed to fund increased duties and responsibilities for agencies implementing changes to regulatory processes during the 1997-99 Biennium.

I have vetoed Section 706 of Engrossed Substitute House Bill 2259 to preserve funding needed to implement the approved sections of the two regulatory reform bills. The Office of Financial

Management will allocate portions of this funding to agencies, as necessary, to implement these two bills.

Section 902, page 93, Council on Environmental Education

This section prohibits the use of state funds provided in Engrossed Substitute House Bill 2259 to support the Governor's Council on Environmental Education. There are eleven state agencies that work with the state's environmental community and federal agencies on environmental education related activities. Funding for the Council is necessary to promote efficient and coordinated efforts in this area. Therefore, I have vetoed section 902.

Section 1608, page 211 line 24 - 38, page 212 line 1-2, Year 2000 Allocations (Office of Financial Management)

In concert with the veto of Section 702, I have vetoed all but the General Fund-State appropriations in Fiscal Year 1997 for Year 2000 conversion costs contained in Section 1608 of Engrossed Substitute House Bill 2259. Allocations will be made by the Office of Financial Management directly from the dedicated funds in the 1997-99 Biennium as directed in Substitute Senate Bill 6062. The veto of the dedicated fund appropriations in ESHB 2259 simplifies the administration of the other fund allocations, avoids potential fund balance problems, and is consistent with regulations for the use of federal funds.

With the exception of sections 204(1); 204(6)(a); 204(6)(b); 204(6)(c); 204(9)(d); 206(3); 207(2); 210(5); 213(2)(d); 302(3); 302(4); 302(5); 302(17); 302(22); 304(16), 501(1)(e); 501(2)(e)(i); 503(4)(b); 503(5); 506(8); 507(4); 507(5); 507(6); 602(2); 611(5)(a)(i); 702; 706; 902, and 1608, page 211, lines 24-38 and page 212, lines 1-2, Engrossed Substitute House Bill 2259 is approved.

Respectfully submitted,
Gary Locke
Governor